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FISCAL IMPACT REPORT

SPONSOR Papen DATE TYPED 01/31/05 HB _____

SHORT TITLE Tax Deductions For Certain School Events SB 248

ANALYST Padilla-Jackson

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY05	FY06			
	(\$80.0)	Increasing	Recurring	General Fund
	(\$50.0)	Increasing	Recurring	Local Governments

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

Senate Bill 248 would allow taxpayers to deduct from gross receipts tax, any receipts from admission to nonathletic special events held at a venue that is a post-secondary educational institution located within 50 miles of the state border and that accommodates at least 2,500 people.

The effective date of the provisions of this act is July 1, 2005.

FISCAL IMPLICATIONS

The TRD analysis provided shows a total fiscal impact of \$130 thousand in FY06 (\$80 thousand impact to the general fund and \$50 thousand impact to local governments. In light of the bill's requirement that the post-secondary educational institution is, "within 50 miles of the state border", TRD analysis assumed the tax deduction applies to receipts of private contractors leasing facilities for non-athletic events at Eastern New Mexico University and at New Mexico State University. The estimate for total revenue from these contracts is \$2 million per year. Utilizing

a gross receipts tax rate of 6.5 percent, the total fiscal impact is \$130 thousand (\$2 million x 6.5 percent).

ADMINISTRATIVE IMPLICATIONS

According to TRD, the bill's provisions can be administered with current resources.

OPJ/lg